

ASUM SENATE AGENDA  
Mount Sentinel Room  
April 5, 1989  
6:00 p.m.

1. Call Meeting to Order
2. Roll Call
3. Approval of March 29, 1989 Minutes
4. President's Report
  - a. Sales Tax Discussion
  - b. Escort Service - Darcy
  - c. Position Interviews
  - d. Retreat Plans
5. Vice Presidents Report
  - a. Committee Appointments
  - b. Student Legislative Action Director Ratification
6. Business Manager's Report
  - a. Budget and Finance Report
7. Committee Reports
8. Public Comment Period
9. Old Business
  - a. Aylsworth Resolution to have dorm ex-officio
  - b. Bernardini Resolution to have Senate meeting tape recorded
  - c. Peirce Resolution to verify petitions
10. New Business
  - a. Sales Tax Resolution - Dahlberg
11. Comments
12. Adjournment

ROLL  
CALL

## SENATE MEMBERS

Behr, Rob  
Bernardini, Tracie  
Burrington, Carson  
Byars, Brandon  
D'Angelo, Frank  
Dahlberg, Tim  
Fairbanks, Lisa  
Gay, Carla  
Henderson, Cory  
Lottipour, Shahram  
Pierce, John  
Pouncy, Calvin  
Price, Pat  
Sebald, Paige  
Sliter, Paul  
Smith, Brian  
Solem, Ted  
Warden, Christopher  
Wilkinson, Nathan  
Young, Steve

Ex-officio Mad Baker

## ASUM OFFICERS

Aylsworth, Aaron  
President  
Long, Andrew  
Vice President  
Cate, Darren  
Business Manager

## FACULTY ADVISOR

Edgar, Pat

	April	5-11-10	5-11-10	5-11-10	5-11-10	5-11-10	5-11-10
	Roll Call	Substitution	Substitution	Substitution	Substitution	Substitution	Comments
Behr, Rob	✓	N	Y	Y	N	✓	
Bernardini, Tracie	✓	Y	N	Y	Y	✓	
Burrington, Carson	✓	Y	Y	N	Y	✓	
Byars, Brandon	130	N	Y	Y	N	✓	
D'Angelo, Frank	E						
Dahlberg, Tim	✓	Y	Y	N	Y	✓	
Fairbanks, Lisa	✓	Y	Y	N	Y	✓	
Gay, Carla	130						
Henderson, Cory	✓	Y	N	N	Y	✓	
Lottipour, Shahram	✓	N	N	Y	N	✓	
Pierce, John	✓	Y	N	N	Y	✓	
Pouncy, Calvin	✓	Y	N	N	N	✓	
Price, Pat	✓	Y	Y	N	Y	✓	
Sebald, Paige	E						
Sliter, Paul	✓	Y	N	A	Y	✓	
Smith, Brian	✓	N	N	Y	N	✓	
Solem, Ted	✓	Y	Y	Y	N	✓	
Warden, Christopher	✓	Y	N	N	Y	✓	
Wilkinson, Nathan	✓	Y	N	N	Y	✓	
Young, Steve	✓	Y	Y	N	Y	✓	
Ex-officio <u>Mad Baker</u>	✓					✓	

✓	Y	Y	Y	N	✓	
✓					✓	
✓	N	Y	Y	N	✓	

✓					✓	
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10 passed  
13 passes  
8 hi  
11 pass

ASUM SENATE MINUTES  
Mount Sentinel Room  
April 5, 1989  
6:00 p.m.

Chairman Long called the meeting to order at 6:00 p.m. Senators present were Behr, Bernardini, Byars (7:30), Dahlberg, Fairbanks, Gay, Henderson, Lotfipour, Pierce, Pouncy, Price, Sliter, Smith, Solem, Warden, Wilkinson, Young, Aylsworth, Cate and ex-officio Fisher. Senators D'Angelo and Sebald were excused.

Approval of Minutes

1. The minutes of March 29, 1989 were approved as written.

Vice President's Report

2. Cate - Gay motioned to place Paige Sebald, Brandon Byars, Tim Dahlberg, Mark Rohweder and Paul Sliter to the Elections Committee. Upon vote, motion passed.

Sliter - Cate motioned to accept Greg Van Tighem as the SLA Director. Upon Vote, motion passed.

Business Manager's Report

3. Cate reported that the Board on Budget and Finance met and approved line-item changes for the Escort Service, the Rugby team, and the Karate Club. The next meeting will be April 10 at 3:15 p.m.

President's Report

4. Sales Tax Discussion:

Aylsworth introduced Dan Lambros, president of Montana Ambassadors. Lambros reported that he and the Montana Ambassadors supported the Sales Tax. Lambros claimed that there are too few people in Montana to support too many government programs. Lambros stressed that Montana had economic and educational problems that could be remedied by the sales tax. Lambros stressed that with the relief the sales tax would give to other taxes, Montana would attract businesses to the state. This, in turn, would stimulate Montana's economy. Lambros explained that as students, the senators should be concerned about future job markets. Lambros supported his argument with a hand-out of compiled facts and figures about the sales tax (see exhibit A). Lambros then answered questions from the Senate.

Aylsworth introduced Pat Edgar. Edgar expressed the cons of the sales tax issue. Edgar reminded the Senators that they should be voting as ASUM and that the sales tax does not help students while they are here. Edgar stressed that he felt that the sales tax and rebate offered would not be beneficial to students. Edgar said he felt that other options would not be as harmful to students. Such options would include a luxury tax and a heavier inheritance tax. Edgar stated that he was against the sales tax for pragmatic reasons. Edgar then fielded questions from the Senate.



5. Aylsworth introduced Darcy Schacher, Student Escort Service Director. Shacher said that the Student Escort Program will be modeled after such University programs as UCLA's. Schacher reported that interviews for the escorts will be given on April 17. The program will be in effect on April 24. Schacher reported that Sergeant Thurman will provide the walkie talkies to the escorts. Schacher said that calls will be taken through the switchboard operator and transferred to the walkie talkies. A response time of 3 - 5 minutes is the goal. Schacher reported that the committee is still deciding the perimeters of the service. The Senators suggested that phone terminals should be placed in parking lots. Shacher answered questions from the Senators.
6. Aylsworth reported that applications for directors for the Student Legislative Action, Student Action Center, Programming and the Student Complaint Officer are now available. Interviews will be held April 20th.
7. Aylsworth expressed his thanks to those Senators who participated in the March on Helena. Aylsworth yielded the floor to Greg Van Tighem, SLA Director. Van Tighem clarified a few questions about the sales tax. Van Tighem reported that any money that a student receives is considered gross household income. If a household's income is over 13,000, that household is not eligible for the \$90 p/person rebate. Van Tighem encouraged the Senators to participate in the letter writing campaign.
8. Aylsworth asked the Senators to think about reinstating an ex-officio position on the city council.
9. Aylsworth told the Senators that the Senate Retreat will be on April 15 or April 22.

#### Old Business

10. Dorm Ex-officio Resolution was taken from the table. Upon vote, motion passed.
11. The Bernardini Tape Recorded Senate Meetings Resolution was tabled for another week.
12. The Pierce Resolution to verify all petitions was taken from the table. Upon vote, resolution passed.

#### New Business

13. **Dahlberg - Young** motioned to support the sales tax (SB 469/03).

**Dahlberg - Wilkinson** motioned to suspend the Bylaws and deal with the sales tax. Upon vote, motion passed. Discussion followed.

**Cate - Behr** made a substitute motion to not support a sales tax including SB 469/03. Discussion followed. Upon vote, substitute motion failed.



4/5/89

Warden made the friendly amendment to insert that we the student Senate, encourages the House Taxation Committee to pass Senate Bill 469/03 as it is stated at 6:00 p.m., April 5, 1989. The friendly amendment was accepted by Dahlberg

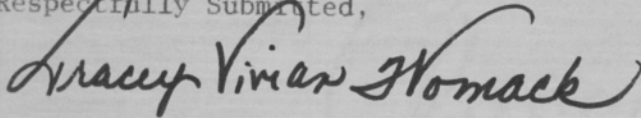
Warden - Aylsworth motioned for previous question. Upon vote, motion passed. Upon vote, main motion passed.

14. Warden - Bernardini motioned to accept the Warden Semester Task Force Resolution.

Adjournment

15. Cate - Aylsworth motion to adjourn at 9:15 p.m. Upon vote, motion passed.

Respectfully Submitted,



Tracey Vivian Womack,  
ASUM Recording Secretary

# Montana

AMBASSADORS

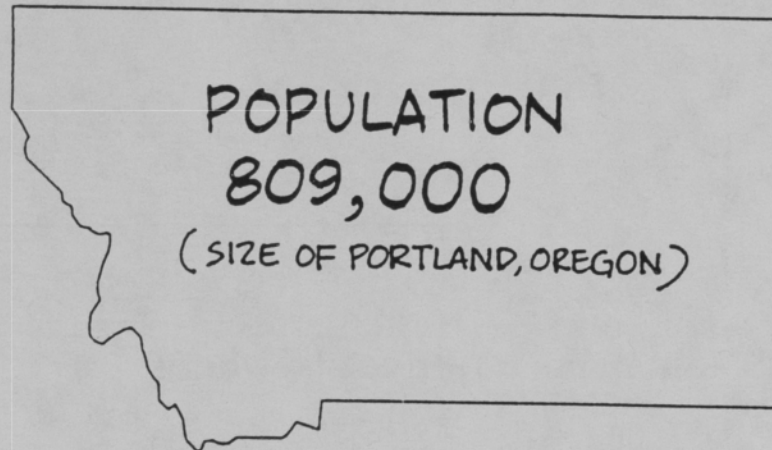


ANY COMMENTS, SUGGESTIONS,  
SUPPORT, WILLINGNESS TO HELP...

OR FOR MORE INFORMATION AND  
A COPY OF THE MONTANA  
AMBASSADOR'S ECONOMIC  
DEVELOPMENT PLAN, PLEASE  
WRITE OR CALL:

DANIEL LAMBROS, PRESIDENT  
MONTANA AMBASSADORS  
1001 So. Higgins  
Missoula, MT 59801  
406 543-6663

# MONTANA



CAN WE SUPPORT?

56 COUNTIES

127 CITIES

19 JUDICIAL DISTRICTS

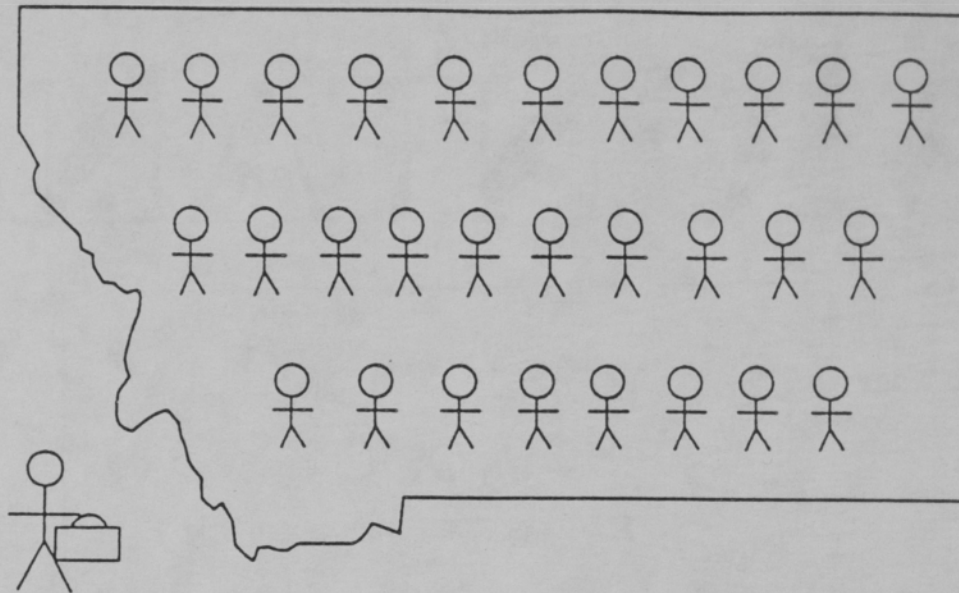
545 SCHOOL DISTRICTS

6 UNIVERSITIES

MONTANA HAS 10% OF THE NATION'S  
TOTAL NUMBER OF SCHOOL DISTRICTS



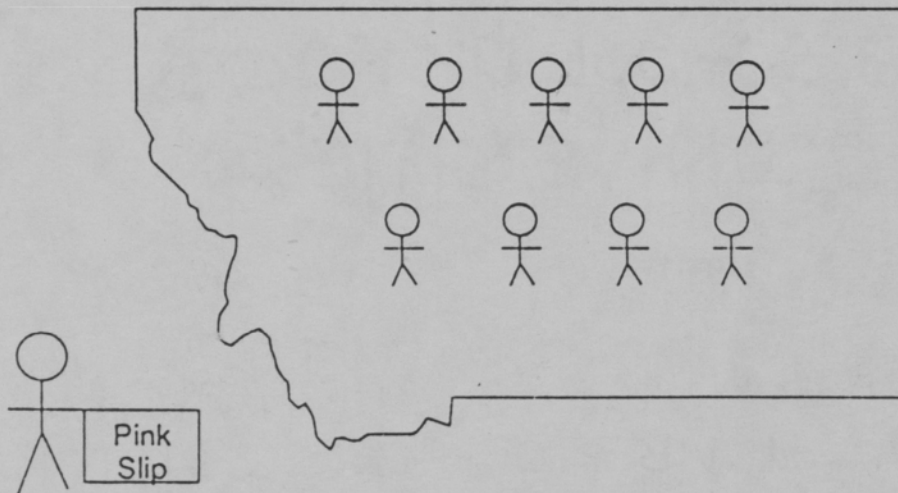
*Since 1980, one out of every 29 Montanans has left the State\**



**28,000 Montanans now live elsewhere.**

*\*Each figure represents 28,000 Montanans*

*Since 1979 one in ten basic sector jobs has been eliminated and not replaced.\**



**12,000 basic sector jobs eliminated and not replaced.**

*\*Each figure represents 12,000 basic sector jobs.*

## Basic Sector Decline 1979-1986

1979

Basic Sector  
Gross Sales Receipts  
\$10,951,000,000\*

111,000 Basic Sector Jobs

1986

Basic Sector  
Gross Sales Receipts  
\$8,457,000,000

23% Lost

98,000 Basic Sector Jobs  
11% Loss

\*In 1986 Constant Dollars

### Average Labor Income Has Declined\*

All Montana Industries

Dec. 31, 1979

Pay to the  
Order of Average Montana Worker \$17,600

Seventeen thousand six hundred and 00/100

Memo: Average Annual  
Labor Income

All Montana Employers

90% of 1979

All Montana Industries

Dec. 31, 1986

Pay to the  
Order of Average Montana Worker \$15,800

Fifteen thousand eight hundred and 00/100

Memo: Average Annual  
Labor Income

All Montana Employers

\*In Constant 1986 Dollars

Source: U.S. Department of Commerce, Bureau of Economic Analysis

# HOW DOES MONTANA RANK?

STUDY OR SOURCE	SUBJECT	MONTANA RANKING
INC. MAGAZINE	BUSINESS CLIMATE	48th out of 50
	SIGNIFICANT BUSINESS STARTS of the PAST 4 YEARS	47th out of 50
	NUMBER OF YOUNG COMPANIES THAT GREW SIGNIFICANTLY	50th out of 50
GRANT THORNTON'S ECONOMIC DEVELOPMENT REPORT	BUSINESS CLIMATE	20th out of 21 IN WESTERN REGION
FEDERAL ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS	BUSINESS CLIMATE	43rd out of 50
	STATE TAX SYSTEM	46th out of 50
	TAX BALANCE	47th out of 50
NATIONAL EDUCATION ASSOCIATION	AVERAGE TEACHERS SALARIES: K - 12	43rd out of 50
	EXPENDITURE PER STUDENT	16th out of 50
CORPORATION FOR ENTERPRISE DEVELOPMENT	EDUCATED WORKFORCE	1st out of 50
	PRODUCTIVITY OF WORKFORCE	1st out of 50

The average national faculty turnover rate is 4%.

In Montana the rate is 12.2%



# BALANCED TAX SYSTEM

ACCORDING TO

FEDERAL ADVISORY COMMISSION ON  
INTERGOVERNMENTAL RELATIONS

PROPERTY TAX	20% TO 30%
INCOME TAX	20% TO 30%
SALES TAX	20% TO 30%

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## MONTANA'S TAX SYSTEM

PROPERTY TAX	48%
INCOME TAX	20%
SALES TAX	0
SELECTIVE SALES TAX	13%
SEVERANCE TAX	12%
LICENSE TAX	5%

COMPARISON OF TAX TREND: REAL ESTATE TO BUSINESS PERSONAL PROPERTY

	<u>Real Estate</u>	<u>Business Personal Property*</u>
1977	12% of value	13% of value
1978	8.55% of value**	13% of value
1986	3.86% of value**	13% of value

Taxes Paid:

	<u>Per \$100,000</u> Single Family Residential Or Commercial	<u>Per \$100,000 Business</u> (Furniture and Fixtures) Depreciated Annually
1989	3.86% x 463.44 mills***= <u>\$1,788.88</u>	92% x 13% x 463.44 mills = <u>\$5,542.74</u>
1990	3.86% x 463.44 mills = <u>\$1,788.88</u>	87% x 13% x 463.44 mills = <u>\$5,241.50</u>
1991	3.86% x 463.44 mills = <u>\$1,788.88</u>	81% x 13% x 463.44 mills = <u>\$4,880.02</u>
1992	3.86% x 463.44 mills = <u>\$1,788.88</u>	74% x 13% x 463.44 mills = <u>\$4,458.29</u>
1993	3.86% x 463.44 mills ***= <u>\$1,788.88</u>	66% x 13% x 463.44 mills = <u>\$3,976.31</u>
1994	3.86% x 463.44 mills = <u>\$1,788.88</u>	58% x 13% x 463.44 mills = <u>\$3,494.33</u>
1995	3.86% x 463.44 mills = <u>\$1,788.88</u>	49% x 13% x 463.44 mills = <u>\$2,952.11</u>
1996	3.86% x 463.44 mills = <u>\$1,788.88</u>	41% x 13% x 463.44 mills = <u>\$2,470.13</u>
1997	3.86% x 463.44 mills = <u>\$1,788.88</u>	35% x 13% x 463.44 mills = <u>\$2,108.65</u>
1998	3.86% x 463.44 mills = <u>\$1,788.88</u>	31% x 13% x 463.44 mills = <u>\$1,867.66</u>
<u>10 YEAR TOTAL PAID</u>	<u>\$17,888.80</u>	<u>\$36,991.74</u>

\* Rate for furniture and fixtures, property tax schedule

\*\* Following re-appraisal

\*\*\* Mills levied within city limits, and within boundaries of  
School District #1 CITY OF MISSOULA

1986 DEPARTMENT OF REVENUE REPORT

404,115 INCOME TAX RETURNS

2.25% (9,113 taxpayers) of Montana's population had taxable income of \$30,000 or more.

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$\frac{1}{2}$  of 1% (1,952 taxpayers) of Montana's population had taxable income of \$50,000 or more.

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There is a significant lack of high income-earners in Montana. Because of this scarcity of high-income earners, clearly Montana will not solve its revenue problems by "soaking the rich."

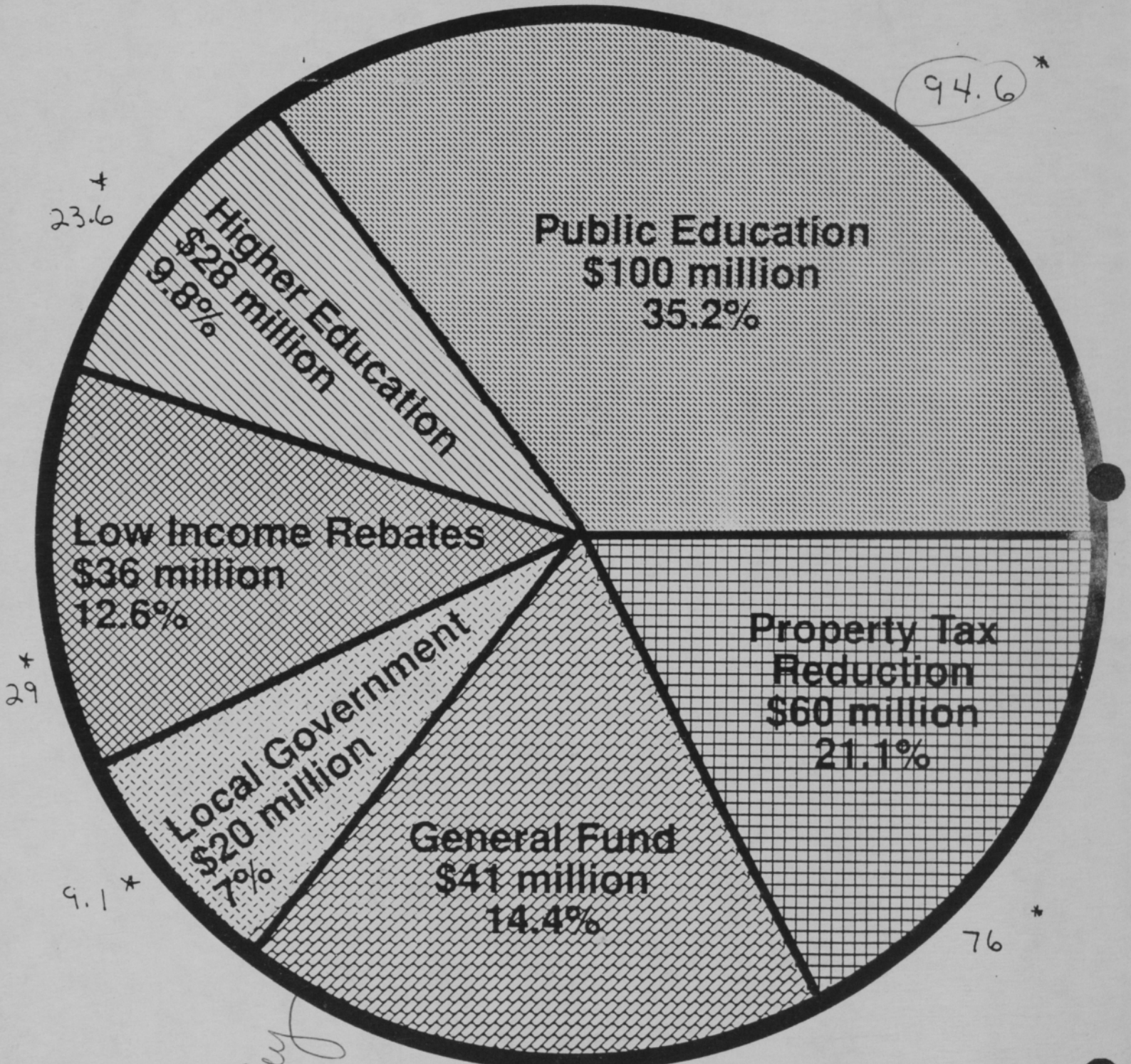
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(H.B. 747)

# Sales Tax Revenue and Distribution

100% of Revenue = \$284 million



\* SB 469

54.7 \*  $\leftarrow$  \$25 MILLION INCOME TAX REDUCTION  
29.7 MILLION GENERAL FUND  
4 MILLION ADMINISTRATION (8)

# WHAT A SALES TAX SOLVES :

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## 60 MILLION (21.1%)

Improves Montana's business climate by lowering residential and business personal property taxes without increasing other property and personal income taxes.

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## 100 MILLION (35.2%)

Increases the State's share of school foundation program without increasing other property and personal income taxes. Provides solution to the Loble Decision.

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## 28 MILLION (9.8%)

Provides additional funding for the University, Vo-tech, and Community College systems.

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## 20 MILLION (7.0%)

Provides city, town, and county governments 10 million dollars for new revenue, and 10 million dollars for further property tax reduction.

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## 29 MILLION (14.4%)

Provides the State general fund adequate funds for services including fair pay raises for State employees.

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The Ambassadors feel that all of the hercinabove needs justify the adoption of a 4% sales tax to BALANCE MONTANA'S REVENUE SYSTEM. In our opinion, there is no other viable alternative. If someone has a better solution, please bring it to our attention.



# Sales tax deserves a look

## HB 747 looks like the best way to pay for essential services

If you're one of the many Montanans who have long fought the sales tax, it's time to take another look.

The traditional arguments that have made Montana one of five states without a sales tax don't stand up against House Bill 747, which calls for a 4 percent sales and use tax. We think people who give the bill an honest appraisal will agree that HB 747 offers the best, fairest and most efficient way for Montana to raise the money needed to provide essential public services like education.

The bill was crafted largely by Democratic Rep. Dorothy Bradley of Bozeman and enjoys the backing of a growing and diverse coalition of Montanans, including the Montana Education Association, Montana Ambassadors, Montana Association of Counties and the Montana Taxpayers Association. The proposed tax would raise an estimated \$284 million a year for public schools, the university system and other state programs. What's more, it would reduce residential and business property taxes by some \$60 million a year.

Sales taxes generally are considered to be a regressive tax — that is, people with lower incomes tend to pay a higher percentage of their incomes in taxes than those with higher incomes. However, HB 747 goes a long way toward eliminating regressivity.

Under the bill, most of the essentials of life would be exempted from the tax. You'd pay no sales tax on groceries, shelter, prescription drugs and medical services, or fuel.

In addition, people with incomes less than \$20,000 a year would receive credit toward their state income tax or a

rebate of up to \$100 per exemption. For instance, a single mother of one living on a minimum-wage job year could buy all her food, shelter, fuel and medicine, as well as up to \$3,500 worth of taxable goods, without paying any additional taxes.

While protecting low-income Montanans, the sales tax would broaden the state's tax base and reduce its reliance on income, property and natural resource taxes. Tourists, for instance, would pay their share through the sales tax.

Most important, HB 747 would generate an estimated \$100 million a year earmarked specifically for public schools. That money would go a long way toward funding Montana's court-ordered school funding equalization. New and fairer funding is essential to ensure the quality of education our children need to compete in the world economy.

By adequately providing for education, while also reducing reliance on property and income taxes, Montanans could make the state more attractive for new and expanded businesses, which could create more jobs and a better standard of living.

Montanans needn't worry about the Legislature raising the sales tax once it's enacted. HB 747 requires voter approval to raise the tax.

The bill also requires voter approval in a June 13 election before the 4 percent tax could be instituted in the first place. That's good. But rather than ask voters to vote yes or no on the sales tax, the Legislature ought to give Montanans a choice between the 4 percent sales tax and equivalent increases in income and property taxes. The fourth alternative — gutting state programs and letting public schools fall to ruin — isn't an option.

Given such a choice, we think Montanans will embrace HB 747.



REPORT CARD	
Name:	Montana
Year:	1989
GRADE / CATEGORY	SUBJECT / AVG. GRADE
F Employment	Performance <b>D</b>
F Earnings / Job Quality	
B Equity	
C Business Competitiveness	Business Vitality <b>C</b>
C Entrepreneurial Energy	
A Structural Diversity	
A Human Resources	Capacity <b>C</b>
D Technological Resources	
D Financial Resources	
C Infrastructure / Amenities Resources	
F Tax & Fiscal Environment	Policy <b>D</b>
D Education Index	
D Infrastructure & Amenities	
D Business Support	
A Development Finance	
C Disadvantaged Individuals / Communities	

SOURCE: Corporation for Enterprise Development

Missoulian

# Rating Montana

## Report finds a single advantage: We've got the brightest work force

Missoulian  
and Associated Press

**M**ontana got the top grade in the nation for the skills of its work force, but got F's for pay and job opportunities on a report card that was below average overall.

Economic report cards for each state were issued Monday by the Corporation for Enterprise Development, a research and consulting group whose study was financed by companies, labor unions and private foundations.

The top overall scores were achieved in the Northeast. Northwestern states that depend on agriculture and mining have some of the worst economic climates in the nation, according to the private research group.

Montana got A's for its work force (first place, based on the rates of high-school gradua-

tion, college attainment and adult literacy), structural diversity (third) and development finance (fourth). It got F's for its employment opportunities (46th), employee compensation (48th) and tax environment (47th, pulled down by a last-place score for the fiscal stability and revenue balance of government).

Generally, states that did the best are ones that have invested in basics such as education, technology and capital markets — "not very flashy, but very effective in the end," the group found.

Among the weakest are "thinly populated mineral-extraction and agriculture-dependent states of the Great Plains and the Mountain West" that were crippled by the collapse of commodity prices at the start of the decade and never recovered.

The study evaluated economies of all 50 states on more

than 125 variables to develop scores for four broad subject areas: economic performance, business vitality, resource capacity and development policy.

Joining Montana among the Western states getting no overall A's or B's in the four broad areas were Idaho, Wyoming, South Dakota, North Dakota, Nebraska and New Mexico.

Despite economic strides in many states, a growing disparity between rich people and poor people was evident throughout the country, according to the study, with the income gap widening in all states except North Dakota, Hawaii and Alaska.

The report also cautioned that while many states are improving their economic performance, they must work to excel in international markets rather than merely luring businesses across state borders.

# Sales-tax myths debunked

## Misconceptions abound on controversial new tax bill

**A** strenuous debate over a proposed Montana sales tax is taking place in the Legislature, in coffee shops throughout the state and among letters to the editors of the Missoulian and other newspapers. Among the arguments against the tax are plenty of misconceptions.

Let's debunk some of the myths:

**Wouldn't the sales tax rate (set at 4 percent by Rep. Dorothy Bradley's House Bill 747) just be raised by the Legislature the first time it needed more money?**

The Bradley bill would require the approval of voters to raise the percentage set for the tax, giving the public the right to decide (as we would have on creation of the tax itself).

**If the state needs more money, why not just raise taxes for people making more than \$100,000 a year?**

There are fewer than 400 people in the state with a taxable income of more than \$100,000. Raising their taxes by 50 percent would raise less than 2 percent of the money that a 4 percent sales tax would.

Also, faced with such dramatic increases in income tax rates, some high-income individuals would likely leave the state, eliminating their income from the state's tax base.

**Are property taxes so high as to cause a business not to move to Montana, or to cause a business that's already here to leave?**

Like it or not, Montana's residential property taxes compare favorably with other states. However, the state's personal property tax rates are far too high. A good example is the personal property taxes on computers (something

most businesses use). If a Montana business buys a computer worth \$100,000, it will pay about \$4,500 annually in property taxes on it. This is about three times or more the rate in nearby states, according to the Montana Taxpayers Association. For instance, the tax in Utah and Idaho on the same computer would be about \$1,500; in Washington it would be about \$1,100; and Minnesota and both Dakotas would charge no tax.

This difference is a clear incentive to Montana businesses to move out and to businesses from other states to stay away. This is true for most types of machinery and equipment — for which Montana personal property tax rates are at the top nationally.

**How can a sales tax create jobs?**

Directly, it can't. But our current tax system, with exorbitant taxes on equipment makes Montana unattractive to prospective new employers. And our failure to adequately fund schools and our university system has a similar effect on many businesses that are looking to expand or move. The sales tax would offset necessary reductions in property taxes while raising additional money for education. Such changes will help make Montana a better place to do business and help create new jobs.

**But the sales tax is regressive, isn't it?**

Actually, because of exemptions on food and medicine, and a provision granting rebates to low-income Montanans, the percentage of income paid in increased taxes would be lower for households earning less than \$10,000 a year than for those earning more.

This is according to estimates released last week by the state Department of Revenue for the Legislature. The figures were presented in detail in the March 8 Missoulian. The increased taxes would be less than one-half of 1 percent for a family earning less than \$10,000 a year, about 1.6 percent of a family's income between \$10,000 and \$30,000, and about 1.4 percent in the \$30,000 to \$40,000 range.

WHY  
WE  
CAN'T  
COMPET